

Post Retirement Employment the Daily Wage Threshold (DWT)

When KTRS retirees are re-employed in covered positions in the new part-time and full-time programs the maximum daily rate of pay that may be earned for a full day of work is set by the Daily Wage Threshold (DWT). The DWT is determined by the daily rate of pay received by the member in their last year of covered employment prior to retirement. Retirees who retired with 30 or more years of service have a DWT of 75% of their last daily rate of pay and retirees who retired with less than 30 years of service have a DWT of 65% of their last daily rate of pay. The DWT for all retirees who were retired as of July 1, 2002 is established at 75%. Retirees who have been retired for at least one year receive annual increases in their DWT according to the annual increase in the Consumer Price Index (CPI).

Occasionally, KTRS retirees who have returned to covered employment under one of the new programs established by the 2002 General Assembly will exceed their Daily Wage Threshold. When this occurs the retiree is required to either remit the overage to KTRS or they may elect to have their KTRS annuity reduced by a similar amount until the overage is recovered. KTRS desires for all retirees to avoid these violations and would like to identify to the membership situations that cause the DWT violations to occur. Among those situations are retirees who earned a daily rate of pay in excess of their DWT, retirees who received compensation for extra services that caused them to exceed their DWT, and retirees who are employed for more days than the sixty-nine percent (69%) maximum permitted in the new part-time program.

KTRS retirees earn service credit and salary credit for part-time and/or full-time post retirement employment that occurs during the normal/regular school workday for KTRS employees. However, when receiving a pension from KTRS, most post-retirement employment has limits for both service credit and salary credit. Work performed outside regular hours/days will not count toward service credit.

KRS statutes that govern the awarding of service credit permit individuals who are employed

in positions that include a minimum of 185 days up to a maximum of 261 days to earn one (1.00) full year of service credit. No one is permitted to earn more than one full year of service credit in a fiscal year.

The DWT applies to all money earned from KTRS employers during a regular school calendar year (July 1 –June 30).

When a retiree works one full day during the school year and is paid the DWT, the retiree is prohibited from performing additional duties outside that regular day or they will exceed their DWT.

Currently retirees may be reemployed in KTRS positions under the new part-time or full-time programs, the new part-time or full-time Critical Shortage programs, the old 100-day program or the Waiver option. Retiree's participation in the old 100-day program requires that they were retired by July 1, 2002 and have not worked under any other return to work program. This program will sunset on June 30, 2007.

Each retiree who returns to covered employment is responsible for knowing the return to work program in which they are employed. When a retiree elects to change programs, it is their responsibility to complete a new form F-1RET and send it to KTRS. This form should be obtained from the employer.

All retirees reemployed in the new full-time and Critical Shortage programs must receive annually KTRS approval on form RET-FT and complete a new F-1RET.

Also be reminded that all retirees who return to KTRS covered employment must experience the required BREAK IN SERVICE. Failure to observe the required break in service can cause the member's retirement to be voided and all pension funds received will be returned to KTRS.

Knowing the service credit, salary credit, break in service, and DWT limits will help to make post-retirement employment enjoyable and productive. KTRS encourages you to contact one of our counselors if you have questions about post retirement employment or your DWT.